Rate of Inflation

†1431. SHRIMATI MAYA SINGH: Will the Minister of FINANCE be pleased to state:

(a) what is Government's target about rate of inflation in terms of percentage, during the financial year 2005-06 and what progress has been made till November, 2005 to contain it at fixed rate; and

(b) whether there is any possibility to achieve this target by Government and if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Annual inflation rate as measured by the Wholesale Price Index at 4.3 per cent on November 19, 2005 was substantially lower than 7.2 per cent observed during the corresponding period of last year. The Government does not fix a target for the rate of inflation. Anti-inflationary policies of the Government include strict fiscal and monetary discipline, rationalisation of excise and import duties of essential commodities so that there is no undue burden on the poor, effective supply-demand management of sensitive items through liberal tariff and trade policies, and strengthening of the public distribution system.

Slow growth of GDP

1432. SHRI VIJAY J. DARDA: Will the Minister of FINANCE be pleased to state:

(a) what is the projected GDP for the year 2005-06 in view of the fact that GDP during April-June being 8.1 per cent on services and manufacturing output and the inflation being less than 4 per cent;

(b) whether it is a fact that agriculture output which accounts for 1/ 5 of GDP, grew at 2 per cent in the first quarter;

(c) if so, what are the reasons for slow growth of GDP; and

(d) whether it is attributable to low rate of rainfall, condition of soil, indifferent attitude of local agricultural officials or inadequate supply of power for agriculture operations?

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†Original notice of the question was received in Hindi.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) In view of the sound fundamentals of the economy and its sustained performance, all the major agencies including RBI envisage that the growth in GDP in 2005-06 Would be around 7 or above 7 per cent. Since agriculture contributes about 21 per cent of the GDP, growth of the farm sector is important to achieve high growth. The agriculture sector posted a growth of 2.0 per cent during the first quarter of 2005-06. The performance of agriculture sector in India is dependent on a variety of factors, including widespread and good monsoon, irrigation, agricultural diversification. Initiating sector specific measures for improving the performance is a continuous process.

Rise in agricultural growth rate

1433. SHRI VIJAY J. DARDA: Will the Minister of FINANCE be pleased to state:

(a) whether he is aware of the observations of the Hon'ble Prime Minister that if our economy has to grow at seven to eight per cent and if we have to eliminate poverty over the next decade, agriculture too must demonstrate a growth of about four per cent per annum;

(b) if so, whether this direction of the PM would be implemented; and

(c) what is the time-frame for that?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) The Prime Minister, in his opening remarks at the meeting of the full Planning Commission in April, 2005 to approve the Mid-Term Appraisal (MTA) of the Tenth Five year Plan, had *inter alia* underscored the critical importance of agricultural growth for sustaining high growth rate in the economy.

The MTA brings out the specific corrective steps needed in each of the priority areas of the Plan. Taking measures for sustaining all round growth of the economy is a continuous process.